

Message Text

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ACTION NEA-07

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5637

C O N F I D E N T I A L CAIRO 7696

LIMDIS

E.O. 11652: GDS

TAGS: EFIN EG

SUBJECT: EGYPT'S SHORT TERM COMMERCIAL DEBT

REF: STATE 177954

1. CONVERSATIONS WITH GOE OFFICIALS AND AMERICAN BANKERS IN CAIRO HAVE FAILED TO PRODUCE ANY INFORMATION RELATING TO SIZE OR SHARE OF US HELD SHORT-TERM COMMERCIAL CREDIT TO EGYPT. WE DOUBT THAT SPECIFIC FIGURES COULD BE OBTAINED FROM GOE, EXCEPT AS RESULT HIGH-LEVEL REPRESENTATION, AND THEN ONLY RELUCTANTLY; BANKERS DO NOT HAVE THE INFORMATION. EVERYONE, HOWEVER, SHARES GENERAL IMPRESSION THAT USA IS MAJOR SOURCE OF FUNDS.

2. IN TERMS OF BEING ABLE TO PROVIDE ACCURATE INFO TO CONGRESS, COURSE OF ACTION MENTIONED PARA 2 REFTEL (APPROACH BY DEPT DIRECT TO BANKING COMMUNITY) APPEARS MORE LIKELY TO BE PRODUCTIVE.

3. SIZE OF FIGURE GIVEN BY IBRD (\$2.7 BILLION) IS SOURCE OF POTENTIAL CONCERN. FOREIGN EXCHANGE BUDGET, EVEN ALLOWING FOR ITS FLEXIBLE NATURE, PUT TOTAL OF NEW SHORT-TERM COMMERCIAL OBLIGATIONS FOR CY 1975 AT \$2 BILLION. ADDITION OF UP TO \$900 MILLION CARRYOVER FROM 1974 RAISES TOTAL TO \$2.9 BILLION. IF IBRD FIGURE IS CORRECT AND GOE INTENDS TO STAY WITHIN BUDGET FIGURE, ONLY \$200 MILLION IN NEW CREDIT CAN BE RAISED IN ENTIRE REMAINDER OF YEAR. RECENT RECEIPT OF \$600 MILLION FROM SAUDI ARABIA MAY ALTER THE
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SITUATION TO EXTENT MONEY IS USED TO PAY OFF SHORT-TERM OBLIGA-

TIONS, BUT SITUATION BEARS WATCHING, PARTICULARLY SINCE WE ARE
ADVISED THAT THERE ARE NO RPT NO STRINGS ON THE SAUDI MONEY,
WHICH IS NOW ON DEPOSIT IN CENTRAL BANK.
MAESTRONE

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